

The Corporation Trust Company Journal

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Our Trust and Transfer Departments.

Issued in

New York, Boston, Philadelphia, Chicago and St. Louis

PREFERRED STOCKHOLDERS CAN BE DEPRIVED OF THE RIGHT TO VOTE in New York corporations, according to the decision of the Appellate Division of the Supreme Court of New York, First Department, in the case of *People ex rel Stewart Browne et al vs. Samuel S. Koenig, Secretary of State* (decided July 15, 1909; not yet reported). In a former case (*People ex rel Delos B. Canoll et al vs. John S. Whalen, Secretary of State*, referred to in the January number of this Journal) the Supreme Court held that Section 20 of the General Corporation Law, as amended by Chapter 355 of the Laws of 1909, did not permit the withholding of the voting power from certain classes of stockholders by the insertion of a provision to that effect in the articles of incorporation, but the language thus employed had reference only to cumulative voting. The Appellate Division in the present case holds that, unless expressly forbidden by statute, the articles of incorporation may divide stock into different classes and deprive preferred stockholders of voting power in consideration of the preferences over the common stock which is given them, and that such a provision is but an arrangement between two classes of stockholders which does not concern the public and does not violate any rule of common law or any rule of public policy.

FOREIGN CORPORATIONS ENGAGED IN INTERSTATE COMMERCE IN KANSAS are required to comply with Section 1293 of the General Statutes of 1901, providing that no foreign corporation doing business in this state shall maintain an action in any of the courts thereof without first filing a sworn statement with the Secretary of State. The Court holds that the statute in question is not repugnant to the commerce clause of the federal Constitution. (*Wilson-Moline Buggy Co. vs. Hawkins*, Supreme Court, May 8, 1909; 101 Pacific Reporter 1009.) This action was on a promissory note given in part payment of the purchase price of goods sold to the defendant. The sale was on a written order signed by the defendant in Kansas, subject to the plaintiff's approval and taken by a traveling salesman of the plaintiff. The order was sent to the plaintiff at its home office in another state, where it was accepted and from which the goods were shipped to the defendant.

TWO LEGISLATURES ARE NOW IN REGULAR SESSION, namely, Connecticut and Georgia. In Connecticut no important corporation measures are pending. In Georgia the legislature is attempting to increase the maximum annual occupation tax on domestic and for-

eign corporations from \$100 to \$1,000. The bill is opposed by the Atlanta Chamber of Commerce and present indications are that it will not pass. Alabama has convened in special session pursuant to call in which sixty-five subjects are mentioned for consideration, among them a proposal to increase the franchise tax on foreign corporations. The Legislatures of Connecticut and Alabama have introduced bills to ratify the proposed amendment to the Federal Constitution providing for an income tax. Georgia may ratify the proposed amendment before it adjourns, and Montana, Minnesota and Texas will meet in extra session for the same purpose. Minnesota and Texas will also consider other subjects than the constitutional amendment but at present there is no indication that corporation measures will be introduced.

IS THERE AT THE PRESENT TIME A VALID STOCK TRANSFER TAX LAW IN THE STATE OF NEW YORK? This very important question has arisen as a result of the recent consolidation of the laws of New York. It appears that the present stock transfer tax law (Article 12, Chapter 62, Consolidated Laws), is, in its taxing clause, identical with the law as amended in 1906 (Chapter 414, Laws 1906) which the Court of Appeals has held to be unconstitutional and void. (*People ex rel Farrington vs. Menching*, 187 N. Y. 8). In the Farrington case the court held that as the taxing clause of the Act of 1906 was unconstitutional, the taxing clause of the original stock transfer tax law (Chapter 241, Laws 1905) was not repealed, modified or in any way affected, so that since that decision the tax has been levied under the 1905 act. The consolidated laws, however, in express terms repeal both the 1905 and 1906 acts.

THE OPENING OF THE LOWER HUDSON TUNNELS has justly been the cause of much celebration in the cities across the Hudson. We notice that the railroad companies are now generally advertising the Hudson Terminal Building at Cortlandt Street as their termini in New York City. With equal justice we can call that building the New York entrance to our Trust and Transfer Departments, for in less than three minutes after entering the trains the passenger is landed at the very door of our office in Jersey City. Lying thus within convenient distance from the financial district of New York, and at the same time outside of the region of high rentals, our Trust and Transfer Departments are in a position to give excellent service at a moderate charge.

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The Corporation Trust Company

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